

NCA

VOC FOR PGM/FN

BACKGROUNDER NO. 5-5858
LARRY LESUEUR

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LIGHT AHEAD FOR THE ENERGY BILL

ANNCR:

THE CARTER ADMINISTRATION'S ENERGY BILL HAS BEEN BOGGED DOWN IN CONGRESS FOR OVER A YEAR, BUT PROSPECTS FOR ENACTMENT HAVE NOW BRIGHTENED CONSIDERABLY. VOA'S LARRY LESUEUR DISCUSSES THE SITUATION.

VOICE:

LAST YEAR THE HOUSE OF REPRESENTATIVES AND THE SENATE TOOK OPPOSING VIEWS OVER A KEY COMPONENT OF PRESIDENT CARTER'S NATIONAL ENERGY BILL -- THE ISSUE OF PRICE CONTROLS OVER NEWLY DISCOVERED NATURAL GAS. AND FOR MANY MONTHS A DEADLOCK PERSISTED AMONG HOUSE AND SENATE DELEGATES APPOINTED TO THE CONFERENCE COMMITTEE TO RECONCILE THE DIFFERENCES. THE HOUSE HAD APPROVED PRESIDENT CARTER'S PLAN TO CONTINUE PRICE CONTROLS ON NEWLY-DISCOVERED NATURAL GAS. THE SENATE, ON THE OTHER HAND, HAD ACCEPTED THE INDUSTRY CONTENTION THAT ONLY A FREE MARKET FOR NATURAL GAS COULD ASSURE AN ADEQUATE FUTURE SUPPLY.

OPPONENTS OF PRICE DEREGULATION ARGUE THAT THE COST TO THE CONSUMING PUBLIC, WHICH INCLUDES VIRTUALLY THE WHOLE UNITED STATES, WOULD BE IN THE MANY HUNDREDS OF MILLION DOLLARS. BUT SUPPORTERS OF A FREE MARKET FOR NEW NATURAL GAS CLAIM THAT THE COST WOULD BE FAR LESS BECAUSE NEW NATURAL GAS WOULD REPLACE EVEN MORE COSTLY FOREIGN OIL AND GAS.

NOW, AFTER MONTHS OF WAITING FOR CONGRESS TO RESOLVE THE ISSUE, THE CARTER ADMINISTRATION APPEARS READY TO TAKE WHAT IT CAN GET. A FINAL CONGRESSIONAL COMPROMISE INVOLVING THE DE-CONTROL OF PRICE REGULATIONS AFTER 1985 WOULD GIVE PRESIDENT

CARTER FOUR-FIFTHS OF THE ENERGY BILL HE HAD ORIGINALLY REQUESTED, INCLUDING THE THREE PARTS VIRTUALLY SETTLED MONTHS AGO. --- CONSERVATION PROGRAMS INDUSTRIAL CONVERSION TO COAL, AND PUBLIC UTILITY RATE REFORM.

THIS WOULD LEAVE UNRESOLVED THE TAX PROTION OF THE ENERGY BILL, INCLUDING THE PROPOSED TAX ON DOMESTIC CRUDE OIL TO BRING ITS PRICE UP TO THAT OF IMPORTED OIL. SUPPORTERS OF A DOMESTIC OIL TAX SAY IT WOULD STRENGTHEN THE DOLLAR BY GIVING CREDIBILITY TO THE ADMINISTRATION'S AIM OF REDUCING U.S. DEPENDENCE ON FOREIGN OIL. HOWEVER, SOME INFLUENTIAL MEMBERS CONSIDER ITS LEGISLATIVE PROSPECTS POOR IN A CONGRESSIONAL ELECTION YEAR.

IT MAY STILL TAKE WEEKS FOR BOTH HOUSES OF CONGRESS TO APPROVE EVEN A FOUR-PART ENERGY BILL. NOT ONLY DO REGIONAL DIFFERENCES GO DEEP BETWEEN PRODUCING AND NON-PRODUCING STATES, BUT MEMBERS OF CONGRESS MUST SOON START CONCENTRATING ON MANDATORY LEGISLATION, SUCH AS THE BIG GOVENMENT APPROPRIATION BILLS, IF THEY INTEND TO GET HOME FOR THE AUTUMN ELECTION CAMPAIGNS.

JS/PY